

SHARPS COMPLIANCE CORP  
Form 10-Q  
November 06, 2014

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the quarterly period ended September 30, 2014  
OR

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_ .

Commission File Number: 001-34269

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SHARPS COMPLIANCE CORP.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or organization)

74-2657168  
(I.R.S. Employer  
Identification No.)

9220 Kirby Drive, Suite 500, Houston, Texas 77054  
(Address of principal executive offices) (Zip Code)

(713) 432-0300  
(Registrant's telephone number, including area code)

Indicate by check mark if the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

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Indicate by check mark whether the registrant is a large accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

Large Accelerated Filer  Accelerated Filer  Non-accelerated Filer  Smaller reporting  
(Do not check if a smaller reporting company) company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12(b)-2 of the Exchange Act). Yes  No

As of November 3, 2014, there were 15,269,690 outstanding shares of the Registrant's common stock, par value \$0.01 per share.

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SHARPS COMPLIANCE CORP. AND SUBSIDIARIES

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## PART I FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## SHARPS COMPLIANCE CORP. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and par value)

	September 30, 2014 (Unaudited)	June 30, 2014
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 16,139	\$13,717
Restricted cash	-	111
Accounts receivable, net of allowance for doubtful accounts of \$34 and \$23, respectively	4,473	4,728
Legal settlement receivable	-	1,538
Inventory	1,433	1,320
Prepaid and other current assets	618	474
<b>TOTAL CURRENT ASSETS</b>	<b>22,663</b>	<b>21,888</b>
<b>PROPERTY, PLANT AND EQUIPMENT, net</b>	<b>3,675</b>	<b>3,858</b>
<b>INTANGIBLE ASSETS, net of accumulated amortization of \$343 and \$330, respectively</b>	<b>702</b>	<b>715</b>
<b>TOTAL ASSETS</b>	<b>\$ 27,040</b>	<b>\$26,461</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,632	\$1,617
Accrued liabilities	1,379	1,046
Deferred revenue	1,616	1,337
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,627</b>	<b>4,000</b>
<b>LONG-TERM DEFERRED REVENUE</b>	<b>579</b>	<b>524</b>
<b>OTHER LONG-TERM LIABILITIES</b>	<b>16</b>	<b>33</b>
<b>TOTAL LIABILITIES</b>	<b>5,222</b>	<b>4,557</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$0.01 par value per share; 20,000,000 shares authorized; 15,460,940 shares issued and outstanding	155	155
Treasury stock, at cost, 191,250 and 161,801 shares repurchased, respectively	(809 )	(681 )
Additional paid-in capital	23,811	23,695
Accumulated deficit	(1,339 )	(1,265 )
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>21,818</b>	<b>21,904</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 27,040</b>	<b>\$26,461</b>

The accompanying notes are an integral part of these condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per-share data)

	Three-Months Ended September 30, 2014 2013 (Unaudited)	
REVENUES	\$7,047	\$6,273
Cost of revenues	4,713	3,948
GROSS PROFIT	2,334	2,325
Selling, general and administrative	2,323	2,079
Depreciation and amortization	85	116
OPERATING INCOME (LOSS)	(74 )	130
OTHER INCOME		
Interest income	8	5
TOTAL OTHER INCOME	8	5
INCOME (LOSS) BEFORE INCOME TAXES	(66 )	135
INCOME TAX EXPENSE - Current	8	13
TOTAL INCOME TAX EXPENSE	8	13
NET INCOME (LOSS)	\$(74 )	\$122
NET INCOME (LOSS) PER COMMON SHARE		
Basic	\$(0.00 )	\$0.01